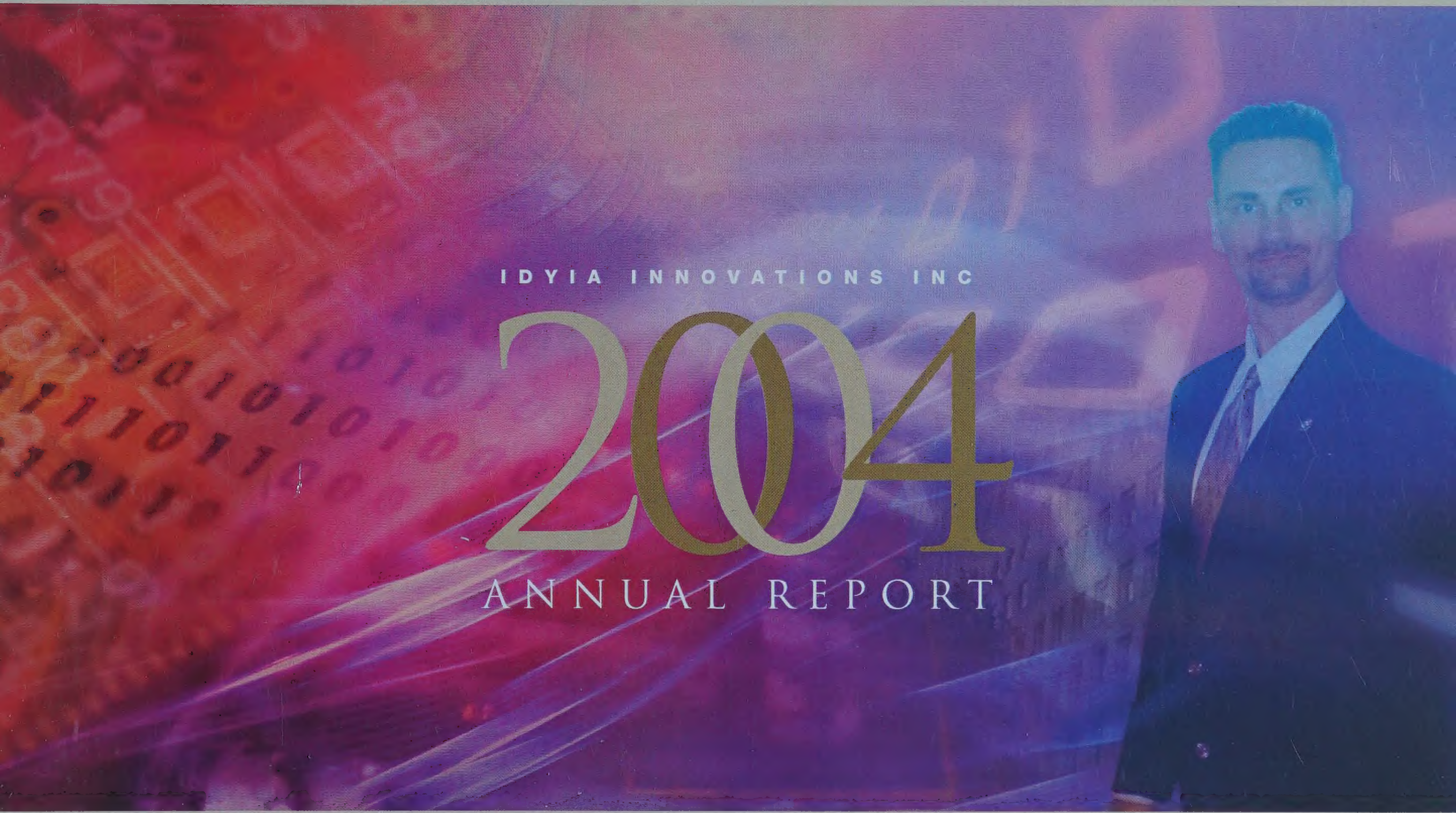
TSX-VENTURE: IDY

IDYIA
Innovations Inc.



IDYIA INNOVATIONS INC

2004 ANNUAL REPORT

IDYIA Inc.

HOSTING EXCELLENCE SINCE 1972

IDYIA Innovations Inc. is the parent company of IDYIA Inc.

IDYIA Inc. is a Winnipeg-based hosting company that specializes in developing and implementing complex hosting solutions.

IDYIA solutions include managed hosting in dedicated, co-location and shared environments, data storage, hot and cold sites, disaster recovery and network consulting services, i.e. vulnerability assessments, network analysis, architecture, and security services. IDYIA's business-class Data Center offers five tiers of data redundancy, multiple providers, multi-homing and true load balancing.

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Letter to Shareholders

Walter Hill
Chairman

For the year ended July 31, 2004, a great deal of progress was made by your Company with the most significant event being the $500,000 of new financing which closed in July, 2004. These funds materially strengthened the Company's Balance Sheet and will contribute to the implementation of the Company's expansion plans for 2004-05. We extend our sincere thanks to Glen Beer and Karin Overgaard, to the Company's capital consultants, Vencorp Capital Inc., led by Ron Malashewski, and to Wellington West Capital for their hard work that brought this to fruition. Your Board was also very active in supporting the financing, and special thanks are due to Jack Peterson, Chairman of the Company's Capital Markets Committee. Your Company is continuing to pursue additional financing to increase the rate of business expansion.

The Company's common stock has been thinly-traded for most of the year, and is currently at the low end of the range for the past year. The stock price is capable of moving very quickly on small volumes, with relatively few shares on offer or on bid. In the new year, we are devoting more resources to improving our frequency of informative news releases. We have compiled an extensive list of recipients, and have conducted broker presentations in Winnipeg, Toronto, Calgary and Vancouver to re-introduce IDYIA to the investment community. Although IDYIA is not yet large enough to attract the attention of institutional investors, there are now more investment professionals and advisors following our story. As we grow both in size and accomplishment, we expect renewed interest in the Company, more liquidity, and a better valuation of our stock as a result.

Management and staff continue to work very hard to expand the Company's business. The additional financing closed so late in the year that there was no chance to achieve the additional levels of business before year-end. Additional resources are now in place and we are anticipating a resumption to profitability as new business is closed.

On behalf of the Board of Directors, we thank all the IDYIA Staff and Management for their dedication and hard work to build the Company into a successful, growing enterprise, to the Customers for their trade and faith in our products and services, and to the Investment Community for their continued interest and support.

Sincerely,

Walter S. Hill, C.A., C.C.P.
Chairman of the Board

November 8, 2004

Message from the President

Glen Beer
President &
Chief Technology Officer

2004 year has been a challenging year for IDYIA, as it enters its next phase of development. As a small company with limited resources, we were able to hire a person with Fortune 100 sales experience to develop sales processes and tools that would be used for our new sales force once funding was completed and hiring could begin, along with furthering the development of a very important product that needed to be launched in late 2004.

Another important milestone for IDYIA came late in the year, and will have significant impact on the organization, which was the completion of a $500,000 private placement from Wellington West Capital. I would like to offer a special thank you to Kevin Hooke and his team at Wellington West for a great job, and for giving IDYIA the opportunity of demonstrating what we can accomplish with a financing partner.

Immediately following the placement IDYIA was able put in place the necessary resources to take its next steps in the business plan and allows the company to focus on its target market. This first round of financing also started the ball rolling for the company's acquisition strategy and further rounds of financing to fuel the growth objectives outlined in our business plan. The added resources have already produced new clients.

We are very excited about the next year and the years to come. IDYIA has technology that will alter how business and individuals will collaborate and communicate for many years to come. One of those altering technologies is Voice over Internet (VoIP), allowing companies to disperse their work force and still maintain the system centrally.

I would like to thank our directors for the many hours they have committed over the past year to IDYIA. The transition of a small company working to become a much larger company takes a lot of planning, time and dedication from our board, mostly without compensation. Also the dedication of our team at IDYIA continues to drive the company and inspires us all.

Sincerely,

President &
Chief Technology Officer

November 8, 2004

Management Discussion & Analysis

IDYIA completed its first round of capital funding after becoming a publicly traded company. The placement of $500,000 of convertible debentures improves IDYIA's financial position and allows the company to execute on several objectives in the 2005 year, such as an increase in sales and technical support staff and launching its Voice over IP technology product targeted to the SMB market.

Financial Review

The net loss for the year increased to $263,676 from $155,418 in the prior year. However, operating activities provided positive cash flow of $73,210 and the Company was able to continue four research and development activities with $89,110 of development costs being deferred.

Revenues

Revenues decreased by $102,969, as compared to 2003, due to decreased consulting contracts, however hosting revenue increased $35,273 due to the signing of new recurring revenue contracts. The focus for 2004 was on hosting and rolling out R & D projects, designing and implementing Sales processes, along with obtaining access to capital.

Operating Expenses

Salary expenses decrease due to lower staffing requirements. Occupancy and general expenses increased slightly as expected. Selling, general and administrative expenses increase by $62,444 due indirect costs associated to financing activity. Also, the costs directly relating to public company requirements were $44,145 for the year.

Cash Flow

Cash position improved from a deficit of $51,691 to a positive balance of $213,080. Operations after change in non-cash working capital provided cash of $73,210 (2003 - loss of $275,282), which was due to collecting accounts receivable. Approximately $429,000 of cash was provided by financing activities, with the significant items being cash from convertible debenture. $95,000 of the operating bank loan was paid down. Additions to property and equipment and deferred development costs, used approximately $187,000 in cash and deferred financing costs were $54,241.

Outlook

The completion of the $500,000 debenture provides IDYIA with the ability to execute several important aspects of its business plan and allows the company to roll out its new technology products that have been in development over the past 2 years, such as our advanced Voice over IP offering.

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
IDYIA Innovations Inc.

We have audited the consolidated balance sheets of IDYIA Innovations Inc. as at July 31, 2004 and July 31, 2003 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at July 31, 2004 and July 31, 2003 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

MAGNUS & BUFFIE
CHARTERED ACCOUNTANTS

September 30, 2004
Winnipeg, Canada

1810 - 444 ST. MARY AVENUE · WINNIPEG, MANITOBA · R3C 3T1 · PHONE (204) 942-4441 · FAX (204) 944-0400

IDYIA INNOVATIONS INC.

Consolidated Balance Sheets
July 31, 2004 and 2003

	2004	2003
Assets		
Current assets:		
Cash	$ 213,080	$ -
Accounts receivable	119,795	344,665
Inventory	136,306	73,033
Prepaid expenses	14,551	17,570
	483,732	435,268
Property and equipment (Note 3)	463,298	653,929
Other assets:		
Deferred development costs (Note 4)	147,903	58,793
Purchased intangibles (Note 5)	50,660	-
Deferred financing costs	54,241	-
Goodwill	5,667	5,667
	258,471	64,460
	$ 1,205,501	$ 1,153,657
Liabilities and Shareholders' Equity		
Current liabilities:		
Cheques issued in excess of cash on hand	$ -	$ 51,691
Bank operating loan (Note 6)	150,000	245,000
Accounts payable and accrued liabilities	114,736	166,438
Unearned revenue	3,714	29,182
Current portion of long term debt (Note 7)	32,808	54,000
Current portion of obligations under capital leases (Note 8)	20,807	29,537
Current portion of shareholder loans (Note 9)	5,000	12,000
	327,065	587,848
Long term debt (Note 7)	352,744	-
Obligations under capital leases (Note 8)	20,605	41,412
Shareholder loans (Note 9)	241,598	174,232
	942,012	803,492
Shareholders' equity:		
Capital stock (Note 11)	904,404	904,404
Equity portion of convertible debentures (Note 7)	162,000	-
Contributed surplus (Note 12)	15,000	-
	1,081,404	904,404
(Deficit)	(817,915)	(554,239)
	263,489	350,165
Basis of presentation (Note 1(a))		
Commitments (Note 13)		
	$ 1,205,501	$ 1,153,657

See accompanying notes to consolidated financial statements.

On behalf of the Board:

M. Glen Beer, President

Walter S. Hill, Chairman

Consolidated Statements of Operations and Deficit

Years ended July 31, 2004 and 2003

	2004	2003
Revenue:		
Hosting and business processing	$ 604,167	$ 568,894
Outsourcing and application development	170,737	269,232
Sale of computer hardware and software	46,902	86,649
	821,806	924,775
Expenses:		
Salaries and wages	374,112	464,632
Occupancy	80,752	74,350
Selling, general and administrative	392,842	330,398
	847,706	869,380
(Loss) earnings before amortization and interest	(25,900)	55,395
Amortization	172,372	159,750
Interest on long term debt	4,479	-
Interest - other	60,925	51,063
	237,776	210,813
Net (loss) for the year	(263,676)	(155,418)
(Deficit), beginning of year	(554,239)	(398,821)
(Deficit), end of year	$ (817,915)	$ (554,239)
Basic and diluted loss per share (Note 11)	$ (0.02)	$ (0.01)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended July 31, 2004 and 2003

	2004	2003
Cash flows from (used in)		
Operating activities:		
Net (loss) for the year	$ (263,676)	$ (155,418)
Adjustments for		
Amortization	172,372	159,750
Other	15,000	-
Change in non-cash operating working capital	149,514	(279,614)
	73,210	(275,282)
Financing activities:		
Proceeds of shareholder loans	60,366	143,950
(Decrease) increase in bank operating loan	(95,000)	211,000
Repayment of long term debt	(27,872)	-
Repayment of obligations under capital leases	(29,537)	(38,165)
Proceeds of long term debt	359,424	54,000
Equity portion of convertible debentures, net of issue costs	162,000	-
Issuance of common shares, net of share issue costs	-	21,450
	429,381	392,235
Investing activities:		
Additions to property and equipment	(43,809)	(108,617)
Additions to deferred development costs	(89,110)	(58,793)
Purchased intangibles	(50,660)	-
Deferred financing costs	(54,241)	-
	(237,820)	(167,410)
Increase (decrease) in cash	264,771	(50,457)
(Cheques issued in excess of cash on hand), beginning of year	(51,691)	(1,234)
Cash (cheques issued in excess of cash on hand), end of year	$ 213,080	$ (51,691)

Supplementary information:

Interest paid	$ 60,703	$ 50,713

In 2004, the portion of the purchase price on equipment under capital leases satisfied by the assumption of debt in the amount of $Nil (2003 - $22,235) has been excluded from financing and investing activities on the consolidated statements of cash flows.

See accompanying notes to consolidated financial statements.

General

IDYIA Innovations Inc. (the "company") is incorporated under the laws of Manitoba and its principal business activities include hosting, data processing, disaster recovery and other related services.

1. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, however, the company has been in violation of certain covenants under its banking agreement and has sustained losses. The ability of the company to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business is dependent upon the continued support of its shareholders and lenders and on its ability to restore and maintain profitable operations. Should the going concern assumption not be appropriate, it would then be required that stated amounts of assets and liabilities be reflected on a liquidation basis which could differ substantially from the going concern basis.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the company and its wholly owned subsidiary. All significant inter-company transactions have been eliminated.

(c) Inventory

Inventory is stated at the lower of cost and net realizable value.

(d) Property and equipment

Property and equipment are recorded at cost. Amortization is provided using the following bases and annual rates:

Asset	Rate	Method
Furniture and fixtures	20%	Declining balance
Computer equipment	30%	Declining balance
Software	5 years	Straight line
Telecommunications equipment	20%	Declining balance
Equipment under capital leases	30%	Declining balance

(e) Deferred development costs

Research and development costs incurred prior to the establishment of technological and financial feasibility of a project are expensed as incurred. When technological and financial feasibility is established development costs are capitalized.

Deferred development costs relate to direct labour costs incurred on the development of new or substantially improved products and systems. In the event management determines that a project is no longer viable or economically feasible, all deferred costs relating to the project are expensed. If management determines that expected future net cash flows from the project do not exceed the unamortized deferred costs relating to the project, the excess amount is expensed. Management assesses the feasibility and expected cash flows on an annual basis.

Amortization of deferred development costs will commence in the period when the products or systems are in commercial use.

(f) Deferred financing costs

Deferred financing costs are amortized on a straight line basis over the life of the related debt. Amortization of these costs commences in the month following the issuance of the related debt.

(g) Purchased intangibles and goodwill

Purchased intangibles and goodwill are initially recorded at cost. Prior to July 31, 2002, amounts allocated to goodwill were amortized on a straight line basis over 10 years.

Purchased intangibles consist of internet IP addresses and their controlling Domain. They are considered to have an indefinite life based on management's intent and ability to renew the rights without substantial cost and without material modification of the existing terms and conditions of the rights.

Purchased intangibles and goodwill are tested for impairment annually or more frequently if events or changes in circumstances indicate that they may be impaired. The company has selected July 31 as the date it performs its annual impairment test.

(h) Revenue recognition

Revenue is recognized when goods are shipped or services provided.

(i) Future income taxes

The company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantivly enacted tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

1. Significant accounting policies (continued)

(j) Stock-based payments to non-employees

Stock-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the company cannot reasonably estimate the fair value of services received, the transaction is recorded at the estimated value of the underlying equity instrument.

(k) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

2. Change in accounting policy

Stock-based compensation

The company prospectively adopted the fair value-based approach to accounting for stock-based compensation applying to options granted after August 1, 2003. Compensation expense is recognized for these stock options over their vesting period based on their estimated fair values on the date of grant as determined by using the Black-Scholes option-pricing model. The company did not grant any stock based compensation during the year. Prior to fiscal 2004, no compensation expense was recognized when the exercise price equalled the market price at the date when stock options were issued to employees under the company's stock-based compensation plan. Certain pro-forma disclosure is required for prior periods, however, as the company's stock was very thinly traded to July 31, 2003, management has determined that the resulting pro-forma disclosure required for prior periods as determined by the Black-Scholes option-pricing model would not be meaningful.

The fair values of the options issued are credited to contributed surplus in the period they vest. When these options are exercised, the consideration paid by employees and the fair value of the options previously credited to contributed surplus are credited to share capital.

3. Property and equipment

2004	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 77,805	$ 39,500	$ 38,305
Computer equipment	29,033	23,178	5,855
Software	583,200	327,383	255,817
Telecommunications equipment	302,670	194,529	108,141
Equipment under capital leases	140,783	85,603	55,180
	$ 1,133,491	$ 670,193	$ 463,298

2003	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 71,048	$ 30,769	$ 40,279
Computer equipment	25,190	21,492	3,698
Software	578,617	211,202	367,415
Telecommunications equipment	343,862	180,153	163,709
Equipment under capital leases	140,783	61,955	78,828
	$ 1,159,500	$ 505,571	$ 653,929

4. Deferred development costs

During the year, the company capitalized $89,110 (2003 - $58,793) in development costs. The total development costs capitalized to date are $147,903 (2003 - $58,793). As none of the projects were in commercial use during the year, no amortization has been recorded.

5. Purchased intangibles

During the year, the company acquired control of certain internet IP addresses and their controlling Domain in exchange for consideration of $50,660. Management has determined that the IP addresses and their controlling Domain are intangible assets with an indefinite life.

6. Bank operating loan

The bank operating loan is repayable on demand, bears interest at the bank's prime rate plus 1.75% and is secured by the following:

- general security agreement; and
- postponement of certain shareholder loans.

The bank operating loan is limited to a maximum of $250,000.

7. Long term debt

	2004	2003
Term loan, interest at bank prime plus 2.0%, repayable $1,500 per month, secured by certain equipment	$ 36,000	$ 54,000
Term loan, interest at bank prime plus 2.0%, repayable $1,234 per month, secured by certain equipment	34,552	-
Convertible debentures, liability component of $315,000, interest at 8%, principal amount of $500,000 due on July 19, 2009, secured by a subordinated floating charge on all assets of the company	315,000	-
	385,552	54,000
Less: Current portion	32,808	54,000
	$ 352,744	$ -

Scheduled repayments are as follows:

2005	$ 32,808
2006	32,808
2007	4,936
	$ 70,552

In July 2004 the company issued a $500,000 Trust Indenture providing for five year 8% subordinated convertible and redeemable debentures. The debentures are redeemable by the company at anytime at a redemption price of 105% of the principal amount in the first year, 104% in the second year, 103% in the third year, 102% in the fourth year and 101% in the fifth year.

Commencing two years after the date of issue, the holders retain the right, upon receipt of the notice of redemption, to convert the debentures into common shares of the company at $0.12 per share in the third year, $0.13 in the fourth year and $0.14 in the fifth year. As at and subsequent to July 31, 2004, the company has not exercised, in any part, its right to redeem the debentures.

The liability component of these debentures represents, effective the date of issue, the present value of the mandatory cash payments of interest and principal due under the terms of the debenture discounted at 20%, being the estimated rate of interest that would be applicable to a debt only instrument of comparable term and risk. The equity component, which represents the value ascribed to the holders' option, is calculated at the difference between the amount issued and the liability component. The component allocated to equity was $185,000 less allocated issue costs of $23,000 resulting in a net addition to equity of $162,000.

Interest expense is determined by applying the discount rate of 20% against the outstanding liability component of the debentures. The difference between actual interest payments and recorded interest expense is treated as an addition to the debt component of the debenture.

8. Obligations under capital leases

The following is a schedule of future minimum lease payments under the capital leases expiring July 2007, together with the balance of the obligations under capital leases:

2005	$ 25,695
2006	15,454
2007	7,769
	48,918
Less interest ranging from 10% to 18.8%	7,506
Capital lease obligation	41,412
Less: Current portion	20,807
Long term portion of obligations under capital leases	$ 20,605

9. Shareholder loans

	2004	2003
Non-interest bearing with no specific terms of repayment	$ 59,976	$ 34,732
Interest at bank prime with no specific terms of repayment	111,622	57,000
Interest at bank prime plus 4%, due on August 15, 2005, secured by a general security agreement subordinated to the bank	45,000	45,000
Interest at bank prime plus 1.75% with no specific terms of repayment	25,000	25,000
Interest at 7% with monthly repayments of $1,000, due on December 31, 2004	5,000	24,500
	246,598	186,232
Less: Current portion	5,000	12,000
Long term portion of shareholder loans	$ 241,598	$ 174,232

Certain shareholder loans are postponed to the bank.

10. Future income taxes

Income tax expense differs from the amount that would be computed by applying the applicable federal and provincial statutory income tax rates of 38% (2003 - 40%). The reasons for the differences are as follows:

	2004	2003
Income tax recovery computed at statutory rates	$ (100,000)	$ (62,000)
Permanent differences	(1,700)	(6,000)
Adjustment to future tax assets and liabilities due to change in combined federal and provincial tax rates	5,200	4,500
	(96,500)	(63,500)
Valuation allowance	96,500	63,500
Net tax expense (recovery)	$ -	$ -

The tax effects of temporary differences that give rise to future tax assets and liabilities are presented below:

	2004	2003
Property and equipment	$ (27,000)	$ (129,000)
Operating loss carry-forwards	281,000	308,000
Share issue and financing costs	44,000	29,500
	298,000	208,500
Valuation allowance	(298,000)	(208,500)
Net carrying value	$ -	$ -

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

The tax benefits related to the loss carry-forwards have not been recognized in these financial statements. These loss carry-forwards expire as follows:

2006	$ 17,000
2007	117,000
2008	206,000
2009	285,000
2010	21,000
2014	94,000
Total loss carry-forwards	$ 740,000

11. Capital stock

(a) Authorized

Authorized share capital consists of an unlimited number of common voting shares with no par value and an unlimited number of preferred voting shares.

(b) Changes in issued common shares are summarized below:

Years ended July 31, 2003 and July 31, 2004:

	Number of common shares	Amount
Balance, July 31, 2002	14,202,871	$ 882,954
Exercise of director options	207,000	20,700
Exercise of employee options	5,000	750
Balance, July 31, 2003 and July 31, 2004	14,414,871	$ 904,404

The weighted average number of common shares outstanding during fiscal 2004 was 14,414,871 (2003 - 14,369,121).

(c) Options and warrants:

(i) Options

The company has issued stock options to directors and former officers of the company. The company also maintains a stock option plan for certain employees. The employee stock options have up to a five year term, are exercisable at a price of $0.50 per share at the date of the grant and vest over a period of three years from the date of grant at a rate of 5,000 shares every six months.

11. Capital stock (continued)

A summary of the company's stock options is as follows:

	2004		2003	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of year	1,140,000	$ 0.23	1,060,000	$ 0.23
Granted	-	-	322,000	0.15
Cancelled	(390,000)	0.31	(30,000)	0.50
Exercised	-	-	(212,000)	0.10
Balance, end of year	750,000	$ 0.19	1,140,000	$ 0.23

Options outstanding at July 31, 2004 consist of the following:

Exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable
$ 0.10	313,000	2.2 years	$ 0.10	313,000
0.15	317,000	1.1 years	0.15	317,000
0.50	120,000	1.7 years	0.50	80,000
	750,000	1.6 years	$ 0.19	710,000

(ii) Warrants

Resulting from the issuance of the $500,000 trust indenture (Note 7), the company issued 416,667 broker warrants. Each warrant can be exchanged for one common share at an exercise price of $0.12. The warrants expire on July 20, 2006.

(iii) Subsequent to year end 60,000 employee stock options, all with an exercise price of $0.50, were cancelled.

(iv) Pending transactions

- The company and certain employees agreed to settle indebtedness of $39,756 by the issuance of 265,041 common shares. The transaction is pending regulatory approval.
- The company has authorized the settlement of $31,938 owing to certain officers of the company by issuing common shares. The number of common shares has not been determined, the transaction is pending and the transaction will be dependent on regulatory approval.

(d) Escrowed shares:

As at July 31, 2004 an aggregate of 5,490,054 (2003 - 6,817,977) of the common shares were held in escrow.

(e) Loss per share:

Loss per share is computed using the weighted average number of common shares outstanding during the year [Note 11(b)]. Diluted loss per share is calculated using the treasury stock method which assumes all common share equivalents, such as options and warrants had been exercised at the beginning of the reporting period of issue and that the funds obtained thereby were used to purchase common shares of the company at the average trading price of the common shares during the year.

12. Contributed surplus

In exchange for non-employee services received relating to the issuance of the $500,000 Trust Indenture (Note 7), the company issued 416,667 broker warrants. The fair value attributed to these warrants at the time of issuance was estimated to be $15,000. This amount has been recorded as a deferred expense during the period with a corresponding credit to contributed surplus.

13. Commitments

The company is committed to minimum annual lease payments under various operating leases for office space, furniture and fixtures, computer equipment and a vehicle as follows:

Year	Amount
2005	$ 28,192
2006	8,428
2007	702

14. Financial instruments

(i) Credit risk

The company's accounts receivable subjects the company to credit risk, as collateral is generally not required. However, the risk of loss is limited due to the company's policy of billing in advance for service and support contracts and collecting a deposit before any project is commenced. The company has arranged for certain levels of insurance on certain accounts receivable.

(ii) Fair value

The carrying amounts of accounts receivable, cheques issued in excess of cash on hand, bank operating loan and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these instruments or because they are payable on demand. The carrying amount of obligations under capital leases and long-term debt approximates their fair values as the obligations bear interest at rates that approximate market rates. The fair value of the amounts due to shareholders is not practical to determine due to the underlying terms and conditions of the loans.

15. Comparative figures

Certain comparative figures have been reclassified to conform with classifications used in the current year.

Shareholder Information

Board of Directors

Walter S. Hill
Chairman of the Board

Philip Sheps[1]
Secretary

M. Glen Beer
Director
President & Chief Technology Officer

Martin Montanti
Director

Karin K. Overgaard
Director
Chief Operating Officer

Jack S. Peterson[1]
Director

Wayne Walker[1]
Director

[1] Member of the Audit Committee

General Information

ANNUAL MEETING
Thursday, December 9, 2004
3:30 p.m.
Bergmann's on Lombard, Boardroom
620 – 167 Lombard Avenue
Winnipeg Manitoba

INVESTOR RELATIONS
Glen Beer
204-977-0181 ext. 223
invest@idyia.com

REGISTRAR & TRANSFER AGENT
CIBC Mellon Trust Company
750 – One Lombard Place
Winnipeg Manitoba
R3B 0X3 Canada

AUDITORS
Magnus & Buffie
Chartered Accountants
1810 – 444 St. Mary Avenue
Winnipeg Manitoba
R3C 3T1 Canada

Market Information

CAPITAL STOCK
The capital stock of IDYIA consists of voting common shares.

Shares outstanding as of July 31, 2004:

Total Shares:	14,414,871
Shares in Escrow:	5,490,054
Net Shares:	8,924,817

LISTING OF CAPITAL STOCK
Shares are listed on the TSX Venture Exchange, Trading Symbol IDY.

Corporate Information

CORPORATE OFFICE
167 Lombard Avenue
Suite 900
Grain Exchange Building
Winnipeg Manitoba
R3B 0V3 Canada
Telephone: 204-977-0181
Toll Free: 1-888-276-2525
Facsimile: 204-977-0171

FURTHER INFORMATION
Please refer to www.idyia.com for corporate news and more detailed information on products and services.